UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly** report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2017 or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______ to ______

001-9731
(Commission file No.)

Micron Solutions, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	**72-0925679**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. employer identification no.)*

25 Sawyer Passway
Fitchburg, Massachusetts 01420
(Address of principal executive offices and zip code)

(978) 345-5000
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed from last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.   Yes ☒   No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).   Yes ☒   No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐	Accelerated filer ☐	Non-Accelerated filer ☐	Smaller reporting company ☒
			Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).   Yes ☐   No ☒

As of November 10, 2017 there were 2,833,153 shares of the Company's common stock outstanding.

Micron Solutions, Inc. and Subsidiary
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PART I - CONDENSED FINANCIAL STATEMENTS
Item 1. Condensed Consolidated Financial Statements (unaudited)

Micron Solutions, Inc. and Subsidiary
Condensed Consolidated Balance Sheets
(unaudited)

	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 524,606	$ 380,381
Trade accounts receivable, net of allowance for doubtful accounts of $46,000 at September 30, 2017 and $30,000 at December 31, 2016	2,898,677	2,276,608
Inventories	3,214,157	3,060,085
Prepaid expenses and other current assets	556,503	614,362
Total current assets	7,193,943	6,331,436
Property, plant and equipment, net	6,089,496	6,440,911
Assets held for sale, net	688,750	688,750
Intangible assets, net	57,812	30,093
Other assets	9,146	156,231
Total assets	$ 14,039,147	$ 13,647,421
Liabilities and Shareholders' Equity		
Current liabilities:		
Revolving line of credit	$ 3,070,000	$ 1,785,795
Equipment line of credit	504,781	102,500
Term notes payable, current portion	2,093,133	487,468
Accounts payable	1,711,661	1,744,261
Accrued expenses and other current liabilities	445,338	333,361
Customer deposits	260,433	122,290
Deferred revenue, current	122,889	224,988
Total current liabilities	8,208,235	4,800,663
Long-term liabilities:		
Term notes payable, non-current portion	—	1,970,863
Subordinated promissory notes	438,739	432,011
Deferred revenue, non-current portion	—	156,953
Total long-term liabilities	438,739	2,559,827
Total liabilities	8,646,974	7,360,490
Commitments and Contingencies		
Shareholders' equity:		
Preferred stock, $0.001 par value; 2,000,000 shares authorized, none issued	—	—
Common stock, $0.01 par value; 10,000,000 shares authorized; 3,926,491 issued, 2,833,153 outstanding at September 30, 2017 and 3,926,491 issued, 2,816,639 outstanding at December 31, 2016	39,265	39,265
Additional paid-in-capital	11,508,256	11,457,320
Treasury stock at cost, 1,093,338 shares at September 30, 2017 and 1,109,852 shares at December 31, 2016	(2,983,501)	(3,028,564)
Accumulated deficit	(3,171,847)	(2,181,090)
Total shareholders' equity	5,392,173	6,286,931
Total liabilities and shareholders' equity	$ 14,039,147	$ 13,647,421

See accompanying notes to condensed consolidated financial statements.

Micron Solutions, Inc. and Subsidiary
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net sales	$ 4,908,088	$ 4,713,123	$ 15,563,791	$ 14,825,417
Cost of sales	4,215,843	3,902,363	13,836,335	12,384,788
Gross profit	692,245	810,760	1,727,456	2,440,629
Selling and marketing	171,304	303,279	671,997	900,189
General and administrative	614,082	482,115	1,783,590	1,664,182
Research and development	26,787	24,534	84,427	74,792
Total operating expenses	812,173	809,928	2,540,014	2,639,163
Net income (loss) from operations	(119,928)	832	(812,558)	(198,534)
Other expense:				
Interest expense	(83,835)	(69,596)	(235,165)	(193,092)
Other income, net	22,896	202	56,966	1,029
Total other expense, net	(60,939)	(69,394)	(178,199)	(192,063)
Net loss before income tax provision (benefit)	(180,867)	(68,562)	(990,757)	(390,597)
Income tax provision (benefit)	—	—	—	—
Net loss	$ (180,867)	$ (68,562)	$ (990,757)	$ (390,597)
Earnings (loss) per share - basic & diluted	$ (0.06)	$ (0.02)	$ (0.35)	$ (0.14)
Weighted average common shares outstanding - basic & diluted	2,821,263	2,816,639	2,820,369	2,816,475

See accompanying notes to condensed consolidated financial statements.

Micron Solutions, Inc. and Subsidiary
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities:		
Net loss	$ (990,757)	$ (390,597)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Gain on sale of property, plant and equipment	(21,750)	—
Depreciation and amortization	1,208,872	1,152,001
Non-cash interest expense	23,211	20,762
Change in allowance for doubtful accounts	16,000	(30,000)
Share-based compensation expense	84,750	35,083
Changes in operating assets and liabilities:		
Accounts receivable	(638,069)	460,983
Inventories	(154,072)	(1,025,759)
Prepaid expenses and other current assets	57,860	(130,953)
Other non-current assets	147,085	31,530
Accounts payable	(32,599)	411,278
Accrued expenses and other current liabilities	123,222	83,922
Customer deposits	138,143	298,627
Deferred revenue, current	(102,099)	(19,156)
Other non-current liabilities	(156,953)	(16,769)
Net cash provided by (used in) operating activities	(297,156)	880,952
Cash flows from investing activities:		
Purchases of property, plant and equipment	(868,716)	(1,069,325)
Proceeds from sale of property, plant and equipment	34,600	—
Cash paid for patents and trademarks	(29,307)	—
Net cash provided by (used in) investing activities	(863,423)	(1,069,325)
Cash flows from financing activities:		
Proceeds from (payments on) revolving line of credit, net	1,284,205	35,000
Proceeds from equipment line of credit	402,281	544,851
Payments on term notes payable	(381,682)	(477,900)
Proceeds from stock option exercises	—	51,150
Net cash provided by (used in) financing activities	1,304,804	153,101
Net increase (decrease) in cash and cash equivalents	144,225	(35,272)
Cash and cash equivalents, beginning of period	380,381	272,291
Cash and cash equivalents, end of period	$ 524,606	$ 237,019

Supplemental Cash Flow Information	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash paid for interest	$ 202,327	$ 173,035
Non-cash activities:		
Issuance of Treasury Stock for Directors Fees	$ 58,500	$ —
Equipment line of credit converted to term notes payable	$ —	$ 881,701

See accompanying notes to condensed consolidated financial statements.

Micron Solutions, Inc. and Subsidiary
Period Ended September 30, 2017

Notes to the Condensed Consolidated Financial Statements (unaudited)

1. Basis of Presentation

The consolidated financial statements (the "financial statements") include the accounts of Micron Solutions, Inc.® ("Micron Solutions") and its subsidiary, Micron Products, Inc.® ("Micron" and together with Micron Solutions, the "Company"). All intercompany balances and transactions have been eliminated in consolidation.

The unaudited interim condensed consolidated financial statements and related notes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and footnote disclosures normally included in complete financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to such rules and regulations. These financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on March 22, 2017.

The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. The Company's balance sheet at December 31, 2016 has been derived from the audited financial statements at that date, but does not include all the information and footnotes required by GAAP for complete financial statements.

The information presented reflects, in the opinion of the management of the Company, all adjustments necessary for a fair presentation of the financial results for the interim periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In the normal course of business, management evaluates all new accounting pronouncements issued by the Financial Accounting Standard Board ("FASB"), Securities and Exchange Commission ("SEC"), Emerging Issues Task Force ("EITF"), or other authoritative accounting bodies to determine the potential impact they may have on the Company's Consolidated Financial Statements. Based upon this review, except as noted below, management does not expect any of the recently issued accounting pronouncements, which have not already been adopted, to have a material impact on the Company's consolidated financial statements.

ASU No. 2016-02, "Leases (Topic 842)"

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," which requires companies to recognize all leases as assets and liabilities on the consolidated balance sheet. The standard retains a distinction between finance leases and operating leases, and the classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the current accounting literature. The result of retaining a distinction between finance leases and operating leases is that under the lessee accounting model in Topic 842, the effect of leases in a consolidated statement of comprehensive income and a consolidated statement of cash flows is largely unchanged from previous GAAP. The amendments in this standard are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Earlier application is permitted.

As of the date of this report, the Company is the lessee of office equipment in a single operating lease and is the lessee of a parking lot as well as storage units. The Company is not a lessor in any arrangements. The Company is evaluating other supplier relationships to determine if such arrangements constitute a lease per this guidance. The Company expects to complete its evaluation prior to the end of 2017 and will evaluate the impact of adoption at that time. The Company does not expect any material impact on reporting or on the results of operations.

ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09")

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). The core principle behind ASU No. 2014-09 is that an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for delivering goods and services. This model involves a five-step process that includes identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when the entity satisfies the performance obligations. This ASU allows two methods of adoption; a full retrospective approach where historical financial information is presented in accordance with the new standard, and a modified retrospective approach where this ASU is applied to the most current period presented in the financial statements. In August 2015, the FASB issued ASU No. 2015-14 "Revenue from

Contracts with Customers: Deferral of the Effective Date," which deferred the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2017, with earlier application permitted as of annual reporting periods beginning after December 15, 2016.

As of the date of this report the Company has established a multi-disciplinary team including members of executive management, accounting, sales, operations and IT which is began implementation of a transition plan to the new guidance in the third quarter. The team will evaluate all supply and manufacturing agreements with customers as well as the nature of other arrangements and relationships between the Company and all other customers ("arrangements"), to determine if a contract, as defined by the guidance, exists. The Company has compiled a preliminary list of agreements and is evaluating them to determine if there is any potential impact to the accounting for the agreements under this guidance. After evaluating the arrangements, the Company will determine the appropriate treatment for revenue recognition per the guidance compared to the Company's present revenue recognition policy as outlined in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on March 22, 2017. To date, the Company does not expect any material adverse financial impact from the adoption of this standard.

Operating matters and liquidity

Due to a non-compliance with the debt service coverage ratio covenant at June 30, 2017, the Company and the bank entered into a forbearance agreement on September 29, 2017. Under the agreement the bank agreed to forbear from collections on all outstanding debt prior to March 31, 2018, provided no further events of default occur, and agreed to extend the revolver to March 31, 2018 subject to certain modifications of the agreement. Should a further event of default occur, the bank has the right to demand payments of all notes.

Pursuant to the agreement, the interest rate under the revolver increased from the Prime Rate plus 0.25%, to the Prime Rate plus 1.00%, an increase of 75 basis points. The Company also agreed to provide monthly financial reporting and daily cash sweeps and to a modification of the equipment line of credit (the "equipment line") to immediately terminate the availability of further advances under the equipment line rather than expiration thereof in November 2017 at which time the equipment line will convert into a five-year term note. In addition, the bank agreed to modify the debt service coverage ratio calculation for the September 30, 2017 measurement date. The Company is in compliance with this revised third quarter 2017 covenant calculation. Additionally, under the agreement, and in accordance with its rights under subordination agreements between the bank and the Company's subordinated note holders, the quarterly interest payments to the note holders have been deferred due to previous non-compliance with the debt service coverage ratio covenant until such time as the bank otherwise permits resumption thereof.

The Company is working with its bank under the extended credit facility while exploring alternative financing arrangements. The Company believes that cash flows from its operations, together with its existing working capital, increased booked orders and other resources, and the expected securing of a new facility will be sufficient to enable the Company to fund operations at current levels and repay debt obligations over the next twelve months; however, there can be no assurance that the Company will be able to do so.

Assessment of going concern

The Company follows accounting standard ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". The accounting standard requires management to evaluate whether there are conditions that give rise to substantial doubt as to the Company's ability to continue as a going concern within one year from the date of issuance of these financial statements. Substantial doubt exists when conditions and events, considered in the aggregate, indicate that it is probable that a company will be unable to meet its obligations as they become due within one year after the financial statement issuance date. Management evaluations include identifying relevant conditions and events that were known and reasonably knowable as of the date these financial statements have been issued.

At December 31, 2016, the Company identified certain conditions and events which in the aggregate required management to perform an assessment of the Company's ability to continue as a going concern. These conditions included the Company's ability to renew the credit facility which was maturing in June 2017, negative financial history and the Company's limited liquidity to meet the working capital needs to support the Company's operations. While the Company was successful in extending the credit facility to March 31, 2018, similar conditions existed as of September 30, 2017.

As of the June 30, 2017 testing date, the Company was in compliance with the terms of the credit facility except with respect to the debt service coverage ratio covenant. As a result of the non-compliance, the Company and the bank entered into a forbearance agreement on September 29, 2017. Under the agreement the bank agreed to forbear from collections on all outstanding debt prior to March 31, 2018 and agreed to extend the revolver to March 31, 2018, subject to certain modifications to the agreement. These modifications include an increase in interest rates, daily cash sweeps, terminating the availability of further advances under the equipment line and modification of the debt service ratio covenant calculation for the September 30, 2017 measurement date. The Company is in compliance with this revised third quarter 2017 covenant calculation.

Management's assessment included an analysis of the Company's year to date 2017 results and financial forecasts looking forward twelve months from the date of these financial statements. Management's assessment also considered the Company's history of meeting financial covenants and being able to renew and refinance its debt obligations.

During the first two quarters of 2017, the Company made strategic decisions to take on new large orders, at aggressive initial pricing, in order to land follow-on orders with lower material costs. During this period the Company incurred extraordinary costs related to the starting up of these new customers, including increased scrap, tooling, labor, rework, expediting charges from suppliers, shift premiums and overtime, in order to meet customer delivery requirements. The Company landed the follow-on orders with the lower material costs and mitigated the startup costs of these new products.

The forecasts for the second half of 2017 and 2018 reflect the actual and expected results of cost savings measures and productivity improvements implemented, beginning at the end of the second quarter of 2017. These include more efficient use of labor by reducing overtime and modifying production schedules, process improvements, improved material yields, and decreased overhead expenses in part by compensation reductions for all salaried personnel including executive officers. In July 2017, the Company engaged a manufacturing consultancy firm with a focus on plastics, medical devices, contract manufacturing and outsourcing to analyze and benchmark the Company's operations, suggest business development strategies and improve operating performance. Additionally, in August 2017, the Company engaged an investment banking firm to evaluate the overall strategic direction of the Company.

The implementation of the cost savings measures and improvements yielded results in the third quarter of 2017. Despite a $482,638 decrease in net sales, gross profit increased $310,408, or 7.0% when compared to the second quarter of 2017. Further savings in operating expenses also contributed to the improvement in net loss from operations of $434,005 in the second quarter 2017 to a net loss from operations of $42,322, excluding non-recurring charges of $77,606 related to outside efficiency related consulting fees in the third quarter of 2017. The Company anticipates continued margin improvement and operating results through the fourth quarter and into 2018.

Management continues to work with its bank under the credit facility, which was extended to March 31, 2018, to further extend the credit facility while also exploring alternative financing arrangements. Based upon the continued results of cost savings measures and improvements as noted above, cash forecasts, the expected fulfillment of booked orders from existing customers and new customer prospects, and the expected securing of a new credit facility, the Company expects to meet its debt obligations for the next twelve months, however there can be no assurance that the Company will be able to do so. The financial statements do not include any adjustment that might result from the outcome of such uncertainties.

2. Earnings per Share ("EPS")

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding. The computation of diluted earnings (loss) per share is similar to the computation of basic earnings (loss) per share except that the denominator is increased to include the average number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. In addition, the numerator is adjusted for any changes in net income (loss) that would result from the assumed conversions of those potential shares.

For the three months ended September 30, 2017 and 2016, basic and diluted earnings per share was a loss of $0.06 per share and a loss of $0.02 per share, respectively. For the nine months ended September 30, 2017 and 2016, basic and diluted earnings per share was a loss of $0.35 per share and a loss of $0.14 per share, respectively.

Micron Solutions, Inc. and Subsidiary
Period Ended September 30, 2017

Notes to the Condensed Consolidated Financial Statements (unaudited)

3. Inventories

Inventories consist of the following:

	September 30, 2017	December 31, 2016
Raw materials	$ 1,060,790	$ 1,027,474
Work-in-process	672,843	537,858
Finished goods	1,480,524	1,494,753
Total	$ 3,214,157	$ 3,060,085

Silver included in raw materials, work-in-process and finished goods inventory had an estimated cost of $506,991 and $521,745 as of September 30, 2017 and December 31, 2016, respectively.

4. Property, Plant and Equipment, net

Property, plant and equipment, net consist of the following:

	Asset Lives (in years)	September 30, 2017	December 31, 2016
Machinery and equipment	3 to 15	$ 17,423,212	$ 16,647,302
Building and improvements	5 to 25	3,986,715	3,986,715
Vehicles	3 to 5	90,713	90,713
Furniture, fixtures, computers and software	3 to 5	1,538,316	1,504,776
Construction in progress		41,100	402,099
Total property, plant and equipment		23,080,056	22,631,605
Less: accumulated depreciation		(16,990,560)	(16,190,694)
Property, plant and equipment, net		$ 6,089,496	$ 6,440,911

For the three months ended September 30, 2017 and 2016, the Company recorded depreciation expense of $405,402 and $406,122, respectively. For the nine months ended September 30, 2017 and 2016, the Company recorded depreciation expense of $1,207,283 and $1,150,683, respectively.

In January 2016, the Company entered into a Purchase and Sale Agreement (the “Agreement”) with a Buyer (collectively the “Parties”) to sell two unoccupied buildings, with approximately 52,000 square feet, and land, at its Fitchburg, Massachusetts campus.

In December 2016, the Parties entered into a First Amendment to the Agreement (the “First Amendment”) which extended the time to close to January 13, 2018. As part of the consideration for extending the Agreement the Buyer agreed to pay certain extension fees.

In January 2017, the Parties entered into a Second Amendment to the Agreement (the “Second Amendment”) to further extend the time to close to July 2018. The Second Amendment permits the Buyer to assign the Agreement to a third party and extends the extension fees through July 2018 or the culmination of the Agreement.

On July 13, 2017, the Parties entered into a Third Amendment to the Agreement (the “Third Amendment”) to further extend the time to close to June 2019. The Third Amendment permitted the Buyer to contract with outside parties to conduct certain due diligence activities on the property up until August 13, 2017. Additionally, the Third Amendment further extended the extension fees through June 2019, or the culmination of the Agreement, and allows for the Buyer to defer the last six months of extension fees to be settled at closing.

On September 28, 2017, the Parties entered into a Fourth Amendment to the Agreement (the “Fourth Amendment”) to extend the time allowed to the Buyer to complete due diligence activities on the property from August 13, 2017 until October 13, 2017.

At September 30, 2017 and December 31, 2016, the real estate under agreement was classified as Assets Held for Sale valued at $688,750. The carrying value approximated the fair value less the cost to sell.

5. Intangible Assets, net

The Company assesses the impairment of long-lived assets and intangible assets with finite lives annually or whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. For the three and nine months ended September 30, 2017 and 2016, the Company did not impair any intangible assets.

Intangible assets consist of the following:

	Estimated Useful Life (in years)	September 30, 2017 Gross	September 30, 2017 Accumulated Amortization	September 30, 2017 Net	December 31, 2016 Gross	December 31, 2016 Accumulated Amortization	December 31, 2016 Net
Patents and trademarks	10	$ 26,290	$ 11,057	$ 15,233	$ 26,290	$ 9,738	$ 16,552
Patents and trademarks pending	—	39,581	—	39,581	13,541	—	13,541
Trade names	—	3,268	270	2,998	—	—	—
Total intangible assets		$ 69,139	$ 11,327	$ 57,812	$ 39,831	$ 9,738	$ 30,093

For the three months ended September 30, 2017 and 2016, the Company recorded amortization expense of $602 and $439, respectively. For the nine months ended September 30, 2017 and 2016, the Company recorded amortization expense of $1,588 and $1,318, respectively.

6. Debt

The following table sets forth the items which comprise debt for the Company:

	September 30, 2017	December 31, 2016
Revolving line of credit	$ 3,070,000	$ 1,785,795
Equipment line of credit	$ 504,781	$ 102,500
Subordinated promissory notes	$ 438,739	$ 432,011
Term notes payable:		
Commercial term loan	$ 2,078,006	$ 2,398,870
Equipment notes	15,127	59,461
Total term notes payable	$ 2,093,133	$ 2,458,331
Total Debt	$ 6,106,653	$ 4,778,637

Bank Debt

The Company has a multi-year credit facility with a Massachusetts based bank. This credit facility consists of a revolving line of credit (the "revolver"), a commercial term loan and an equipment line of credit (“equipment line”). The debt is secured by substantially all assets of the Company with the exception of real property.

Due to a non-compliance with the debt service coverage ratio covenant at June 30, 2017, the Company and the bank entered into a forbearance agreement on September 29, 2017. Under the agreement the bank agreed to forbear from collections on all outstanding debt prior to March 31, 2018, provided no further events of default occur, and agreed to extend the revolver to March 31, 2018 subject to certain modifications of the agreement. Should a further event of default occur, the bank has the right to demand payments of all notes.

Pursuant to the agreement, the interest rate under the revolver increased from the Prime Rate plus 0.25%, to the Prime Rate plus 1.00%, an increase of 75 basis points. The Company also agreed to provide monthly financial reporting and daily cash sweeps and to a modification of the equipment line to immediately terminate the availability of further advances under the equipment line rather than expiration thereof in November 2017 at which time the equipment line will convert into a five-year term note. In addition, the bank agreed to modify the debt service coverage ratio calculation for the September 30, 2017 measurement date. The Company is in compliance with this revised third quarter covenant calculation. As a result of having entered into the agreement, all of the Company’s bank debt has been classified as current liabilities as of September 30, 2017.

Revolver

The revolver provides for borrowings up to 80% of eligible accounts receivable and 50% of eligible raw materials inventory. The interest rate on the revolver is calculated at the bank's prime rate plus 1.00% (5.25% at September 30, 2017). Amounts available to borrow under the revolver are $95,767 at September 30, 2017.

Commercial term loan

In November 2016, the Company refinanced its bank term debt, including the commercial term loan and three equipment term loans, along with $500,000 from the revolver, into a new $2,481,943 consolidated five year commercial term loan with a maturity date in November 2021. The interest rate on the loan is a fixed 4.65% per annum and the loan requires monthly payments of principal and interest of approximately $46,500.

Equipment line of credit

In November 2016, the Company entered into the equipment line that allows for advances of up to $1.0 million under the Company's multi-year credit facility. The term of this equipment line is six years, maturing in November 2022, inclusive of a maximum one-year draw period. Repayment shall consist of monthly interest only payments, equal to the bank's prime rate plus 0.25% as to each advance commencing on the date of the loan through the earlier of: (i) one year from the date of the loan or (ii) the date upon which the equipment line is fully advanced (the “Conversion Date”). On the Conversion Date, principal and interest payments will be due and payable monthly in an amount sufficient to pay the loan in full based upon an amortization schedule commensurate with the remaining term of the loan.

Pursuant to the Company’s September 29, 2017 agreement with the bank, the bank terminated the availability of further advances under the equipment line rather than the expiration thereof in November 2017 at which time the equipment line will convert into a five-year term note. At September 30, 2017, $504,781 has been drawn on the equipment line. At December 31, 2016, $102,500 had been drawn on the equipment line.

Debt issuance costs

The amount of the commercial term loan presented in the table above is net of debt issuance costs of $29,374 and $45,858 at September 30, 2017 and December 31, 2016, respectively.

Bank covenants

The credit facility contains both financial and non-financial covenants. The financial covenants include maintaining certain debt service coverage and leverage ratios. The non-financial covenants relate to various matters including notice prior to executing further borrowings and security interests, mergers or consolidations, acquisitions, guarantees, sales of assets other than in the normal course of business, leasing, changes in ownership and payment of dividends.

As of the June 30, 2017 testing date, the Company was in compliance with the terms of the credit facility except with respect to the debt service coverage ratio covenant. As a result of the non-compliance, the Company entered into the September 29, 2017 agreement with the bank whereby, among other things, the bank agreed to forbear collections of all outstanding debt prior to March 31, 2018. In addition, the bank agreed to modify the debt service coverage ratio calculation for the September 30, 2017 measurement date. The Company is in compliance with this revised third quarter covenant calculation.

Other Debt

Equipment notes

In January 2013, the Company entered into two equipment notes totaling $272,500 with a financing company to acquire production equipment. The notes bear interest at the fixed rate of 4.66% and require monthly payments of principal and interest of approximately $5,000 over a five year term maturing in January 2018.

Subordinated promissory notes

In December 2013, the Company completed a private offering in which the Company sold an aggregate of $500,000 in subordinated promissory notes. The unsecured notes required quarterly interest-only payments at a rate of 10% per annum for the first two years. In December 2015, the interest rate increased to 12% per annum. Three related parties participated in the private offering as follows: REF Securities, LLP, and with Mr. Rodd E. Friedman, a director of the Company since July 21, 2017, a beneficial owner of approximately 13% of the Company's common stock, invested $100,000 in the offering; the Chambers Medical Foundation (the "Foundation"), beneficial owner of approximately 10% of the Company's common stock, invested $100,000 in the offering; and Mr. E.P. Marinos, a director, invested $50,000 in the offering. The Company's Chairman of the Board is a co-trustee of the Foundation but has held no dispositive powers since his appointment as such.

In October 2016, the Company and six of the seven investors in the private offering, aggregating $450,000 of the notes, including the three related parties holding $250,000 of the notes, agreed to extend the maturity dates of the notes to December 31, 2018 at a rate of 10% per annum. One investor did not extend the maturity date and that $50,000 note was paid at maturity in December 2016. The notes are subordinated to all indebtedness of the Company pursuant to its multi-year bank credit facility. Pursuant to the subordination agreements entered into among the bank, each of the note holders, and the Company upon issuance of the subordinated notes, quarterly interest payments to the note holders have been deferred due to the non-compliance with the debt service coverage ratio covenant until such time as the bank otherwise permits resumption thereof.

In connection with the subordinated promissory notes, the Company issued 100,000 warrants to purchase the Company's common stock, including 20,000 warrants to REF Securities, LLP, 20,000 warrants to the Foundation and 10,000 warrants to Mr. Marinos. The warrants were exercisable through December 2016 at an exercise price of $3.51 per share. In 2014, 30,000 warrants were exercised, including 20,000 by the Foundation. In October 2016, in connection with the extension of the maturity dates of the subordinated promissory notes, the expiration date of the remaining 70,000 warrants was extended to December 31, 2018. The exercise price remained unchanged at $3.51 per share. The 70,000 warrants remain unexercised at September 30, 2017.

In the fourth quarter of 2016, the Company calculated the incremental fair value of extending the expiration date of the Notes and Warrants and determined that the amendment represented a debt modification in accordance with the guidance outlined in ASC-470, "Debt". Using the Black-Scholes model, and the 10% test, the Company determined that the incremental fair value of the warrants to be $18,310 which was recorded as a reduction against the Notes and an increase in Additional Paid-in Capital.

The discount on the notes is being recognized as non-cash interest expense over the term of the notes. The Company recorded $2,218 and $6,727 for the three months ended September 30, 2017 and 2016, and $6,921 and $20,763 for the nine months ended September 30, 2017 and 2016, respectively.

The unamortized discount which is net against the outstanding balance of the subordinated promissory notes is $11,261 at September 30, 2017 and $17,989 at December 31, 2016.

7. Income Taxes

No provision for income taxes has been recorded in the three or nine months ended September 30, 2017 or 2016, respectively. The Company has a full valuation allowance against its deferred tax assets as of September 30, 2017 and December 31, 2016.

At September 30, 2017, the Company has federal and state net operating loss carryforwards totaling $9,124,000 and $8,196,000, respectively, which begin to expire in 2030. The Company also has federal and state tax credit carryovers of $303,000 and $357,000 respectively. The federal and state tax credits begin to expire in 2026 and 2027, respectively.

8. Commitments and Contingencies

Legal matters

In the ordinary course of its business, the Company is involved in various legal proceedings involving a variety of matters. The Company does not believe there are any pending legal proceedings that will have a material impact on the Company's financial position or results of operations.

Off-balance sheet arrangements

Lease expense under all operating leases was approximately $4,615 for the three months ended September 30, 2017 and 2016, respectively, and $13,114 and $14,444 for the nine months ended September 30, 2017 and 2016, respectively.

9. Shareholders' Equity

Stock options and share-based incentive plan

The following table sets forth the stock option transactions for the nine months ended September 30, 2017:

	Number of options	Weighted Average Exercise Price	Weighted average remaining contractual term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2016	214,500	$ 5.96	7.12	$ 17,340
Granted	—	—		
Exercised	—	—		
Forfeited	(7,000)	4.26		
Expired	(2,000)	3.67		
Outstanding at September 30, 2017	205,500	$ 6.04	6.33	$ 28,750
Exercisable at September 30, 2017	115,495	$ 6.88	5.93	$ 17,980
Exercisable at December 31, 2016	109,495	$ 6.90	5.47	$ 8,880

For the three months ended September 30, 2017 and 2016, share based compensation expense related to stock options amounted to $5,083 and $4,492, respectively. For the nine months ended September 30, 2017 and 2016, share-based compensation expense related to stock options amounted to $26,250 and $35,083, respectively. Share based compensation is included in general and administrative expenses.

For the three months ended September 30, 2017, no options were granted or exercised, 3,000 options were forfeited and 2,000 options expired due to employee terminations. For the three months ended September 30, 2016, no options were granted, exercised, forfeited or expired.

For the nine months ended September 30, 2017, no options were granted or exercised, 7,000 options were forfeited and 2,000 options expired due to employee terminations. For the nine months ended September 30, 2016, 5,000 options were granted and 15,000 options were exercised generating proceeds of $51,150.

Warrants

For the three months ended September 30, 2017 and 2016, there were no warrants exercised. As of September 30, 2017, 70,000 warrants remain unexercised, including 20,000 held by the Company's largest beneficial owner, REF Securities, LLP and with Mr. Rodd E. Friedman, a director of the Company, and 10,000 held by Mr. E. P. Marinos, a director of the Company. The warrants expire in December 2018.

Common Stock

For the three months ended September 30, 2017, the Company issued 12,154 shares of the Company's common stock, pursuant to the 2010 Equity Incentive Plan, with a fair value of $47,250 for director fees in lieu of cash payments. For the three months ended September 30, 2016, there were no such stock grants.

For the nine months ended September 30, 2017, the Company issued 16,514 shares of the Company's common stock, pursuant to the 2010 Equity Incentive Plan, with a fair value of $58,500 for director fees in lieu of cash payments. For the nine months ended September 30, 2016, there were no such stock grants.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve a number of risks and uncertainties. There are a number of factors that could cause the Company's actual results to differ materially from those forecasted or projected in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. The Company is under no obligation and does not intend to update, revise or otherwise publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of any unanticipated events. More information about factors that potentially could affect the Company's financial results is included in the Company's filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2016.

Critical Accounting Policies

The critical accounting policies utilized by the Company in preparation of the accompanying financial statements are set forth in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2016, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations". There have been no material changes to these policies since December 31, 2016.

Overview

Micron Solutions®, Inc., a Delaware corporation ("Micron Solutions"), through its wholly-owned Massachusetts subsidiary, Micron Products®, Inc. ("Micron" and together with Micron Solutions, the "Company"), is a diversified contract manufacturing organization ("CMO") that produces highly-engineered, innovative medical device components requiring precision machining and injection molding. The Company also manufactures components, devices and equipment for military, law enforcement, automotive and consumer product applications. The Company is engaged in the production and sale of silver/silver chloride coated and conductive resin sensors used as consumable component parts in the manufacture of integrated disposable electrophysiological sensors. These disposable medical devices are used worldwide in the monitoring of electrical signals in various medical applications. The Company's machining operations produce quick-turn, high volume patient-specific and off-the-shelf orthopedic implants and instruments. The Company's machining operations also include laser marking, automated polishing, passivation and coating. The Company has thermoplastic injection molding capabilities as well, and provides a full array of design, engineering, production services and management. The Company competes globally, with approximately thirty-five percent of its revenue derived from exports.

Operating matters and liquidity

Due to a non-compliance with the debt service coverage ratio covenant at June 30, 2017, the Company and the bank entered into a forbearance agreement on September 29, 2017. Under the agreement the bank agreed to forbear from collections on all outstanding debt prior to March 31, 2018, provided no further events of default occur, and agreed to extend the revolver to March 31, 2018 subject to certain modifications of the agreement. Should a further event of default occur, the bank has the right to demand payments of all notes.

Pursuant to the agreement, the interest rate under the revolver increased from the Prime Rate plus 0.25%, to the Prime Rate plus 1.00%, an increase of 75 basis points. The Company also agreed to provide monthly financial reporting and daily cash sweeps and to a modification of the equipment line of credit (the "equipment line") to immediately terminate the availability of further advances under the equipment line rather than expiration thereof in November 2017 at which time the equipment line will convert into a five-year term note. In addition, the bank agreed to modify the debt service coverage ratio calculation for the September 30, 2017 measurement date. The Company is in compliance with this revised third quarter 2017 covenant calculation. Additionally, under the agreement, and in accordance with its rights under subordination agreements between the bank and the Company's subordinated note holders, the quarterly interest payments to the note holders have been deferred due to the non-compliance with the debt service coverage ratio covenant until such time as the bank otherwise permits resumption thereof.

The Company is working with its bank under the extended credit facility while exploring alternative financing arrangements. The Company believes that cash flows from its operations, together with its existing working capital, increased booked orders and other resources, and the expected securing of a new facility will be sufficient to enable the Company to fund operations at current levels and repay debt obligations over the next twelve months; however, there can be no assurance that the Company will be able to do so.

Assessment of going concern

The Company follows accounting standard ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". The accounting standard requires management to evaluate whether there are conditions that give rise to substantial doubt as to the Company's ability to continue as a going concern within one year from the date of issuance of these financial statements. Substantial doubt exists when conditions and events, considered in the aggregate, indicate that it is probable that a company will be unable to meet its obligations as they become due within one year after the financial statement issuance date. Management evaluations include identifying relevant conditions and events that were known and reasonably knowable as of the date these financial statements have been issued.

At December 31, 2016, the Company identified certain conditions and events which in the aggregate required management to perform an assessment of the Company's ability to continue as a going concern. These conditions included the Company's ability to renew the credit facility which was maturing in June 2017, negative financial history and the Company's limited liquidity to meet the working capital needs to support the Company's operations. While the Company was successful in extending the credit facility to March 31, 2018, similar conditions existed as of September 30, 2017.

As of the June 30, 2017 testing date, the Company was in compliance with the terms of the credit facility except with respect to the debt service coverage ratio covenant. As a result of the non-compliance, the Company and the bank entered into a forbearance agreement on September 29, 2017. Under the agreement the bank agreed to forbear from collections on all outstanding debt prior to March 31, 2018 and agreed to extend the revolver to March 31, 2018, subject to certain modifications to the agreement. These modifications include an increase in interest rates, daily cash sweeps, terminating the availability of further advances under the equipment line and modification of the debt service ratio covenant calculation for the September 30, 2017 measurement date. The Company is in compliance with this revised third quarter 2017 covenant calculation.

Management's assessment included an analysis of the Company's year to date 2017 results and financial forecasts looking forward twelve months from the date of these financial statements. Management's assessment also considered the Company's history of meeting financial covenants and being able to renew and refinance its debt obligations.

During the first two quarters of 2017, the Company made strategic decisions to take on new large orders, at aggressive initial pricing, in order to land follow-on orders with lower material costs. During this period the Company incurred extraordinary costs related to the starting up of these new customers, including increased scrap, tooling, labor, rework, expediting charges from suppliers, shift premiums and overtime, in order to meet customer delivery requirements. The Company landed the follow-on orders with the lower material costs and mitigated the startup costs of these new products.

The forecasts for the second half of 2017 and 2018 reflect the actual and expected results of cost savings measures and productivity improvements implemented, beginning at the end of the second quarter of 2017. These include more efficient use of labor by reducing overtime and modifying production schedules, process improvements, improved material yields, and decreased overhead expenses in part by compensation reductions for all salaried personnel including executive officers. In July 2017, the Company engaged a manufacturing consultancy firm with a focus on plastics, medical devices, contract manufacturing and outsourcing to analyze and benchmark the Company's operations, suggest business development strategies and improve operating performance. Additionally, in August 2017, the Company engaged an investment banking firm to evaluate the overall strategic direction of the Company.

The implementation of the cost savings measures and improvements yielded results in the third quarter of 2017. Despite a $482,638 decrease in net sales, gross profit increased $310,408, or 7.0 points when compared to the second quarter of 2017. Further savings in operating expenses also contributed to the improvement in net loss from operations of $434,005 in the second quarter 2017 to a net loss from operations of $42,322, excluding non-recurring charges of $77,606 related to outside consulting fees in the third quarter of 2017. The Company anticipates continued margin improvement and operating results through the fourth quarter and into 2018.

Management continues to work with its bank under the credit facility, which was extended to March 31, 2018, to further extend the credit facility while also exploring alternative financing arrangements. Based upon the continued results of cost savings measures and improvements as noted above, cash forecasts, the expected fulfillment of booked orders from existing customers and new customer prospects, and the expected securing of a new credit facility, the Company expects to meet its debt obligations for the next twelve months, however there can be no assurance that the Company will be able to do so. The financial statements do not include any adjustment that might result from the outcome of such uncertainties.

Results of Operations

The following table sets forth, for the periods indicated, the percentages of the net sales represented by certain items reflected in the Company's statements of operations.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017 %	2016 %	2017 %	2016 %
Net sales	100.0	100.0	100.0	100.0
Cost of sales	85.9	82.8	88.9	83.5
Gross profit	14.1	17.2	11.1	16.5
Selling and marketing	3.5	6.4	4.3	6.1
General and administrative	12.5	10.2	11.5	11.2
Research and development	0.5	0.5	0.5	0.5
Other expense	1.2	1.5	1.1	1.3
Loss before income taxes	(3.6)	(1.4)	(6.3)	(2.6)
Income tax provision	—	—	—	—
Net loss	(3.6) %	(1.4) %	(6.3) %	(2.6) %

Net Sales

Net sales	2017	2016	$ Change	% Change
Three months ended September 30,	$ 4,908,088	$ 4,713,123	$ 194,965	4.1%

The increase in consolidated net sales for the three months ended September 30, 2017 versus the prior year was due to an increase in net sales of sensors, partly offset by decreased net sales of machined orthopedic implant components and instruments as well as thermoplastic injection molding.

For the three months ended September 30, 2017, net sales of sensors increased 33.4% when compared to the three months ended September 30, 2016. The increase was largely due to a 53.1% increase in volume due largely to the timing of shipments, versus the recognition of revenue, related to supply agreements with certain foreign customers entered into in the third quarter of 2016. Additionally, silver surcharge billed increased due in part to increased volume partly offset by a decrease in the weighted average price of silver as compared to the same period last year.

The increase in net sales for the three months ended September 30, 2017 was partly offset by a 9.9% decrease in net sales of machined orthopedic implant components and instruments when compared to the same period in 2016. The decrease was due to reduced demand for femoral components from one customer in part due to the customer’s vertical integration, beginning in the third quarter 2016.

Also, partially offsetting the increase in net sales for the three months ended September 30, 2017 was a decrease of 7.3% in net sales of thermoplastic injection molding when compared to the three months ended September 30, 2016. The decrease was due largely to decreased demand from customers in the automotive industry. Additionally, tooling revenue decreased 72.0% due in part to the completion of a tooling program for a customer in the consumer products industry.

Net sales	2017	2016	$ Change	% Change
Nine months ended September 30,	$ 15,563,791	$ 14,825,417	$ 738,374	5.0%

The increase in consolidated net sales for the nine months ended September 30, 2017 versus the prior year was due primarily to increases in net sales of sensors and thermoplastic injection molding, partly offset by decreased net sales of machined orthopedic implant components and instruments.

For the nine months ended September 30, 2017, net sales of sensors increased 16.2% when compared to the nine months ended September 30, 2016. The increase was largely due to an 18.7% increase in volume. Volume increased in part due to increased order volume from the Company’s top sensor customers. Volume also increased in part due to the timing of shipments, versus the recognition of revenue, related to supply agreements with certain foreign customers entered into in the third quarter of 2016. Additionally, silver surcharge billed increased due to increased volume.

Additionally, for the nine months ended September 30, 2017, net sales of thermoplastic injection molding increased 2.4% when compared to the nine months ended September 30, 2016. The increase was due in part to increased sales volume of automotive components as well as increased sales volume of military and law enforcement components when compared to the same period in 2016.

The increase in net sales for the nine months ended September 30, 2017, was partly offset by a 15.2% decrease in net sales of machined orthopedic implant components and instruments when compared to the same period in 2016. The decrease was due in part to reduced orders from one customer as a result of relabeling of product to a longer expiration date. The decrease is also due to reduced demand of femoral components from one customer which vertically integrated beginning in the third quarter of 2016. Partially offsetting the decrease was new business from new customers for which the Company has expanded its machining operations to include surgical instrumentation including cutting guides, as well as hip stems, keel trays and other orthopedic components beginning in the second quarter of 2016.

Gross Profit

Gross profit	2017	2016	$ Change	% Change
Three months ended September 30,	$ 692,245	$ 810,760	$ (118,515)	(14.6)%
As a percentage of sales	14.1%	17.2%		

The decrease in consolidated gross profit for the three months ended September 30, 2017 versus the prior year was due primarily to a decrease in gross profit from machined orthopedic implant components and instruments as well as thermoplastic injection molding, partly offset by an increase in gross profit from sensors.

The decrease in gross profit for the three months ended September 30, 2017 was primarily due to a 45.9% decrease in gross profit from machined orthopedic implant components and instruments as compared to the same period in 2016. The decrease was due in part to decreased sales due to lower demand from two customers, as noted above. The decrease was also due in part to the Company offering aggressive initial pricing to secure new customers, as well the impact of reworking many of the related parts, as the Company refined its production process. The increased costs included costs related to increased scrap, tooling, labor, rework, expediting charges from suppliers, shift premiums and overtime, in order to meet customer delivery requirements. Gross margin as a percent of sales decreased 10.3 percentage points due to this rework and the investments in these new customers.

The decrease in gross profit for the three months ended September 30, 2017 was also due to a 15.4% decrease in gross profit from thermoplastic injection molding due largely to decreased sales volume from customers in the automotive industry. Gross margin as a percent of sales decreased 3.0 percentage points due to customer and product mix.

The decreases in gross profit above were partially offset by an increase in sensors gross profit of 16.6% for the three months ended September 30, 2017 when compared to the same period last year. The increase was due in part to certain production efficiency enhancements implemented in the third quarter of 2017 as well as increased volume from certain customers. The increase was partly offset by price concessions resulting in margin deterioration. Additionally, while net sales from silver surcharge billed increased based largely on volume, gross profit from silver surcharge billed decreased 11.2% due in part to the decrease in the weighted average cost of silver when compared to the same period last year.

The decrease in gross profit above for the three months ended September 30, 2017 versus the prior year period was also partly offset as a result of an 8.1% decrease in expenses for other indirect manufacturing overhead departments. The lower expenses were due largely to lower engineering, mold shop maintenance and material handling expenses, partly offset by increased quality department expenses versus the same period in the prior year.

Gross profit	2017	2016	$ Change	% Change
Nine months ended September 30,	$ 1,727,456	$ 2,440,629	$ (713,173)	(29.2)%
As a percentage of sales	11.1%	16.5%		

The decrease in consolidated gross profit for the nine months ended September 30, 2017 versus the prior year was due primarily to a decrease in gross profit from machined orthopedic implant components and instruments as well as thermoplastic injection molding, partly offset by an increase in sensors.

The decrease in gross profit for the nine months ended September 30, 2017 was primarily due to a 61.2% decrease in gross profit from machined orthopedic implant components and instruments as compared to the same period in the prior year. The decrease was due in part to decreased sales due to lower demand from two customers, as noted above. The decrease was also due in part to aggressive initial pricing to secure new customers, as well as the impact of reworking many of the related parts, as the Company refined its production process. The increased costs included costs related to increased scrap, tooling, labor, rework, expediting charges from suppliers, shift premiums and overtime, in order to meet customer delivery requirements. Gross margin as a percent of sales decreased 13.6 percentage points due to these investments in new customers.

The decrease in gross profit for the nine months ended September 30, 2017 was also due to a 6.6% decrease in gross profit from thermoplastic injection molding due largely to customer and product mix. Gross margin as a percent of sales decreased 3.0 percentage points.

The decrease in gross profit for the nine months ended September 30, 2017 was partly offset by a 2.5% increase in sensors due largely to increased sales volume, partly offset by price concessions resulting in margin deterioration. Gross margin as a percent of sales decreased 2.2 percentage points due to the aforementioned price concessions.

The decrease in gross profit above for the nine months ended September 30, 2017 versus the prior year period was also partly the result of a 15.1% increase in expenses for other indirect manufacturing overhead departments. The higher expenses were due largely to higher quality expenses, largely associated with the machining product line, as well as higher mold shop maintenance and repairs due to an increase in machine utilization requirements as a result of increased volume of sensors and thermoplastic injection molding.

Selling and Marketing

The Company's consolidated selling and marketing expenses amounted to $171,304 (3.5% of net sales) for the three months ended September 30, 2017 as compared to $303,279 (6.4% of net sales) for the three months ended September 30, 2016, a decrease of $131,975, or 43.5%. For the three months ended September 30, 2017, the decrease was primarily due to decreased compensation of $103,520 as a result of the departure of a sales person and customer service representative in the first quarter of 2017 and an additional sales person in the third quarter of 2017. Additionally, commissions were lower by $30,137 due in part to fewer sales persons and due in part to the mix of commissionable parts. Additionally, travel, advertising and marketing expenses were lower by $10,714 due to less travel and reduced attendance at trade shows. Partially offsetting the decreases was an increase in professional services of $13,990 related to the development of an online marketing and lead generation program.

For the nine months ended September 30, 2017, the Company's consolidated selling and marketing expenses amounted to $671,997 (4.3% of net sales) as compared to $900,189 (6.1% of net sales) for the nine months ended September 30, 2016, a decrease of $228,192, or 25.3%. For the nine months ended September 30, 2017, the decrease was primarily due to decreased compensation of $202,978 as a result of the departure of a sales person and customer service representative in the first quarter of 2017 and an additional sales person in the third quarter of 2017. Additionally, commissions were lower by $45,769 due in part to fewer sales persons and the mix of commissionable parts. Additionally, travel expenses were lower by $18,913 due in part to two fewer sales people and reduced attendance at trade shows. Partly offsetting these decreases were increased marketing and advertising expenses related to trade shows, web site enhancements and the development of an online marketing and lead generation program.

General and Administrative

The Company's consolidated general and administrative expenses increased to $614,082 (12.5% of net sales) for the three months ended September 30, 2017 as compared to $482,115 (10.2% of net sales) for the same period 2016, an increase of $131,967, or 27.4%.

The increase in general and administrative expenses for the three months ended September 30, 2017 compared to 2016 is due in part to non-recurring charges of $77,606 related to outside consulting services. The increase was also due to an increase of $39,068 in bad debt expense, due to the prior year impact of insurance proceeds received related to collections of an outstanding insured receivable. In addition, professional fees and consulting services increased $16,898 related to financial reporting and outsourcing the environmental, health and safety function partly offset by lower legal fees. Additionally, compensation expense increased $10,360 due primarily to replacement hires and general and products liability insurance increased $9,018 due in part to increased premiums related to military and law enforcement operations and directors' and officers' insurance. The increases were partly offset by decreases in office and computer supplies, investor relations and other expenses.

The Company's consolidated general and administrative expenses increased to $1,783,590 (11.5% of net sales) for the nine months ended September 30, 2017, as compared to $1,664,182 (11.2% of net sales) for the same period 2016, an increase of $119,408, or 7.2%.

The increase in general and administrative expenses for the nine months ended September 30, 2017 compared to 2016 is due in part to non-recurring charges of $77,606 related to the outside consulting services in the third quarter of 2017. The increase was also due to an increase of $95,635 of compensation expense due in part to the timing of replacement hires in accounting, IT and administration. Directors' fees increased $39,750 due to the Board foregoing its fees for the second quarter of 2016. Bad debt expense increased $27,951 due primarily to the prior year impact of insurance proceeds received related to collections of an outstanding insured receivable. General and product liability insurance increased $18,661 due in part to increased premiums related to military and law enforcement operations and directors' and officers' insurance. Additionally, accounting and other professional fees increased $44,153 due to financial reporting and outsourcing the environmental, health and safety function.

The increases in general and administrative expenses for the nine months ended September 30, 2017 as compared to 2016, were partly offset by a decrease of $60,212 in legal fees due in part to the prior year impact of corporate governance and shareholder relations matters, as well as a decrease of $51,600 in recruiting agency fees for three hires in 2016. Investor relations expenses also decreased $24,706 when compared to the prior year period.

Research and Development

The Company's consolidated research and development expenses increased to $26,787 (0.5% of net sales) for the three months ended September 30, 2017 as compared to $24,534 (0.5% of net sales) for the three months ended September 30, 2016, an increase of $2,253, or 9.2%. Research and development expenses increased to $84,427 for the nine months ended September 30, 2017 (0.5% of net sales) as compared to $74,792 for the nine months ended September 30, 2016, an increase of $9,635 or 12.9%. The increases for the three and nine months ended September 30, 2017 and 2016, respectively, are due largely to an increase in compensation expense.

Other Expense, net

Other expense, net decreased to $60,939 for the three months ended September 30, 2017, as compared to $69,394, for the three months ended September 30, 2016, a decrease of $8,455. The decrease in other expense, net was due largely to other income of $24,000 related to extension fees related to the real estate held for sale, partly offset by an increase in interest expense of $14,239, due to higher principal balances outstanding on the revolver.

For the nine months ended September 30, 2017, other expense, net decreased to $178,199 as compared to $192,063 for the nine months ended September 30, 2016, a decrease of $13,864. The decrease in other expense, net was due largely to other income of $36,000 related to extension fees related to the real estate held for sale, as well as $21,750 of gains on the sale of fixed assets, partially offset by an increase of $42,073 of interest expense due to higher principal balances outstanding on the revolver.

Income Tax Provision

The tax provisions for the three and nine months ended September 30, 2017 and 2016 attributable to the U.S. federal and state income taxes are zero. The Company's combined federal and state effective income tax rate from continuing operations for both the three and nine months ended September 30, 2017 and 2016 of 0% is due to the deferred tax assets being fully reserved for with a valuation allowance.

Earnings (Loss) Per Share

Consolidated basic and diluted loss per share for the three months ended September 30, 2017 was $0.06 per share as compared to $0.02 per share for the same period in 2016, an increase in loss per share of $0.04. The increase in loss per share for the three months ended September 30, 2017, is due largely to a decrease of $118,515 in gross profit despite a $194,965 increase in net sales compared to the prior year period.

Consolidated basic and diluted loss per share for the nine months ended September 30, 2017 was $0.35 per share as compared to $0.14 per share for the same period in 2016, an increase in loss per share of $0.21. The increased loss per share for the nine months ended September 30, 2017, is due largely to a decrease of $713,173 in gross profit despite a $738,374 increase in net sales compared to the prior year period.

Off-Balance Sheet Arrangements

Lease expense under all operating leases was approximately $6,625 and $4,615 for the three months ended September 30, 2017 and 2016, respectively, and were approximately $22,222 and $23,651 for the nine months ended September 30, 2017 and 2016, respectively.

Liquidity and Capital Resources

Working capital was $(1,014,292) as of September 30, 2017, as compared to $1,530,773 at December 31, 2016, a decrease of $2,545,065. The decrease in working capital is due largely to the reclassification of $1,630,593 of term notes from long term to short term as a result of the non-compliance with the debt service coverage ratio covenant at June 30, 2017, and the Company entering into a forbearance agreement with its bank. The decrease is also due to an increase of $1,284,205 in the revolver. Cash and cash equivalents were $524,606 and $380,381 at September 30, 2017 and December 31, 2016, respectively, an increase of $144,225. Substantially all of these funds are maintained in bank deposit accounts.

Trade accounts receivable, net of allowance for doubtful accounts were $2,898,677 and $2,276,608 at September 30, 2017 and December 31, 2016, respectively, an increase of $622,069. The increase is due largely to higher shipments at the end of the third quarter of 2017.

Inventories were $3,214,157 as of September 30, 2017, as compared to $3,060,085 at December 31, 2016, an increase of $154,072. The increase was due largely to an increase in work-in-process inventory of $134,985.

Accounts payable were $1,711,661 and $1,744,261 at September 30, 2017 and December 31, 2016, respectively, a decrease of $32,599 due largely to the timing of disbursements. Other non-current liabilities decreased $156,953 from a decreased in long term deferred revenue. Additionally, deferred revenue, current portion decreased $102,099.

Accrued expenses and other current liabilities increased $123,222 for the nine months ended September 30, 2017 as compared to December 31, 2016 due largely to an increase in payroll accruals based on timing of quarter end. Other non-current assets decreased $147,085 as a result of a decrease in prepaid cost of goods sold related to deferred tooling revenue. In addition, customer deposits increased $138,143 related to tooling.

Capital equipment expenditures were $868,716 for the nine months ended September 30, 2017, due to investments in machinery and equipment primarily for the contract manufacturing of machined orthopedic implants and instruments as well as thermoplastic injection molding as compared to $1,069,325 in the same period in 2016.

At September 30, 2017, the Company's total debt was $6,136,027 as compared to $4,778,637 at December 31, 2016, an increase of $1,357,390. The increase is due largely to $1,284,205 in net borrowing from the revolver and $402,281 of borrowings from the equipment line of credit to fund working capital and finance investments in capital equipment, respectively, partially offset by payments of $381,682 on term debt.

At September 30, 2017, total outstanding balance of the Company's term debt was $2,093,133 as compared to $2,458,331 at December 31, 2016, a decrease of $365,198.

The Company has a multi-year credit facility with a Massachusetts based bank. At September 30, 2017, this credit facility consisted of a revolving line of credit (the "revolver"), a commercial term loan and an equipment line of credit ("equipment line"). The bank facility contains both financial and non-financial covenants, and is secured by substantially all assets of the Company with the exception of real property.

Due to a non-compliance with the debt service coverage ratio covenant at June 30, 2017, the Company and the bank entered in to a forbearance agreement on September 29, 2017. Under the agreement the bank agreed to forbear from collections on all outstanding debt prior to March 31, 2018, provided no further events of default occur, and agreed to extend the revolver to March 31, 2018 subject to certain modifications of the agreement. Should a further event of default occur, the bank has the right to demand payments of all notes.

The revolver provides for borrowings up to 80% of eligible accounts receivable and 50% of eligible raw materials inventory. The interest rate on the revolver is calculated at the bank's prime rate plus 1.00% (5.25% at September 30, 2017). The revolver has a maturity date of March 31, 2018. Amounts available to borrow under the revolver are $95,767 at September 30, 2017.

The commercial term loan has a remaining principal balance of $2,078,006, net of debt issuance costs of $29,374, at September 30, 2017 and matures in November 2021. The interest rate on the loan is a fixed 4.65% per annum and the loan requires monthly payments of principal and interest of approximately $46,500.

In November 2016, the Company entered into the equipment line that allows for advances of up to $1.0 million under the Company's multi-year credit facility. The term of this equipment line is six years, maturing in November 2022, inclusive of a maximum one-year draw period. Repayment shall consist of monthly interest only payments, equal to the bank's prime rate plus 0.25% as to each advance commencing on the date of the loan through the earlier of: (i) one year from the date of the loan or (ii) the date upon which the equipment line is fully advanced (the "Conversion Date"). On the Conversion Date, principal and interest payments will be due and payable monthly in an amount sufficient to pay the loan in full based upon an amortization schedule commensurate with the remaining term of the loan.

Pursuant to the Company's September 29, 2017 agreement with the bank, the bank terminated the availability of further advances under the equipment line rather than expiration thereof in November 2017 at which time the equipment line will convert into a five-year term note. At September 30, 2017, $504,781 has been drawn on the equipment line of credit. At December 31, 2016, $102,500 had been drawn on the equipment line of credit.

The credit facility contains both financial and non-financial covenants. The financial covenants include maintaining certain debt service coverage and leverage ratios. The non-financial covenants relate to various matters including notice prior to executing further borrowings and security interests, mergers or consolidations, acquisitions, guarantees, sales of assets other than in the normal course of business, leasing, changes in ownership and payment of dividends.

As of the June 30, 2017 testing date, the Company was in compliance with the terms of the credit facility except with respect to the debt service coverage ratio covenant. As a result of the non-compliance, the Company entered into the September 29, 2017 agreement with the bank whereby, among other things, the bank agreed to forbear collections of all outstanding debt, prior to March 31, 2018. In addition, the bank agreed to modify the debt service coverage ratio calculation for the September 30, 2017 measurement date. The Company is in compliance with this revised third quarter 2017 covenant calculation.

In January 2013, the Company entered into two equipment notes totaling $272,500 with a financing company to acquire production equipment. The notes bear interest at the fixed rate of 4.66% and require monthly payments of principal and interest of approximately $5,000 over a five year term maturing in January 2018.

In December 2013, the Company completed a private offering in which the Company sold an aggregate of $500,000 in subordinated promissory notes. The unsecured notes required quarterly interest-only payments at a rate of 10% per annum for the first two years. In December 2015, the interest rate increased to 12% per annum. Three related parties participated in the private offering as follows: REF Securities, LLP, and with Mr. Rodd E. Friedman, a director of the Company since July 21, 2017, a beneficial owner of approximately 13% of the Company’s common stock, invested $100,000 in the offering; the Chambers Medical Foundation (the “Foundation”), beneficial owner of approximately 10% of the Company’s common stock, invested $100,000 in the offering; and Mr. E.P. Marinos, a director, invested $50,000 in the offering. The Company’s Chairman of the Board is a co-trustee of the Foundation but has held no dispositive powers since his appointment as such.

In October 2016, the Company and six of the seven investors in the private offering, aggregating $450,000 of the notes, including the three related parties holding $250,000 of the notes, agreed to extend the maturity dates of the notes to December 31, 2018 at a rate of 10% per annum. One investor did not extend the maturity date and that $50,000 note was paid at maturity in December 2016. The notes are subordinated to all indebtedness of the Company pursuant to its multi-year bank credit facility. Pursuant to the subordination agreements entered into among the bank, each of the note holders and the Company upon issuance of the subordinated notes, quarterly interest payments to the note holders have been deferred due to the non-compliance with the debt service coverage ratio covenant until such time as the bank otherwise permits resumption thereof.

No dividends were declared or paid in the nine months ended September 30, 2017 and 2016.

The Company believes that based upon the continued results of cost savings measures and improvements as noted above, cash forecasts, the expected fulfillment of booked orders from existing customers and new customer prospects, and the extension of the Company’s credit facility to March 31, 2018, the Company expects to continue to meet its obligations for the next twelve months. Additionally, management continues to work with its bank under the extended credit facility while exploring alternative financing arrangements. The financial statements do not include any adjustment that might result from the outcome of such uncertainties.

Summary of Changes in Cash Position

As of September 30, 2017, the Company had cash on hand of $524,606. For the nine months ended September 30, 2017, net cash used in operating activities was $297,156. Net cash used in investing activities for the nine months ended September 30, 2017 was $863,423. Net cash provided by financing activities for the nine months ended September 30, 2017 was $1,304,804. The net cash flows for the nine months ended September 30, 2017 are discussed in further detail below.

Operating Cash Flows

For the nine months ended September 30, 2017, net cash used in operating activities was $297,156. Cash used in operating activities was primarily impacted by the net loss of $990,757 as well as an increase of $638,069 in accounts receivable, an increase in inventory of $154,072, a decrease in other non-current liabilities of $156,953, as well as a decrease in deferred revenue, current portion, of $102,099.

These uses of cash were partly offset by non-cash add-backs for depreciation and amortization of $1,208,872, share-based compensation of $84,750, non-cash interest expense of $23,211 and an increase of $16,000 in the allowance for doubtful accounts. Cash was provided by an increase of $123,222 in accrued expenses and other current liabilities, an increase in customer deposits of $138,143, a decrease of $147,085 in other non-current assets and a decrease in prepaid expenses and other current assets of $57,860.

Investing Cash Flows

For the nine months ended September 30, 2017, net cash used in investing activities was $863,423. The net cash used was largely for capital expenditures of $868,716, largely for machinery and equipment, primarily for the contract manufacturing of orthopedic implants and instruments as well as thermoplastic injection molding.

Financing Cash Flows

For the nine months ended September 30, 2017, net cash provided by financing activities was $1,304,804. Cash was provided by net proceeds of $1,284,205 from the Company's revolver and proceeds of $402,281 from the equipment line of credit. These proceeds were partly offset by payments on term notes payable of $381,682.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer ("the Certifying Officers") have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based on such evaluation, our Certifying Officers have concluded the Company's disclosure controls and procedures, as of the end of the period covered by this report, were effective.

The effectiveness of a system of disclosure controls and procedures is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of internal controls, and fraud. Due to such inherent limitations, there can be no assurance that any system of disclosure controls and procedures will be successful in preventing all errors or fraud, or in making all material information known in a timely manner to the appropriate levels of management.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2017 there have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 6. Exhibit Index

Exhibit Number	Description of Exhibit	*Page*
3.0	Certificate of Incorporation (incorporated by reference to the Company's Registration Statement on Form S-18 as filed with the Commission in April 1988, Registration Statement No. 33-20945-FW).	
3.1	Amended and Restated By-laws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K as filed with the Commission on July 1, 2011).	
3.2	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q as filed with the Commission on August 13, 2015).	
4.0	Form of Certificate evidencing shares of the Company's Common Stock (incorporated by reference to the Company's Registration Statement on Form S-18 as filed with the Commission in April 1988, Registration Statement No. 33-20945-FW).	
4.1	Certificate of Amendment of Certificate of Incorporation dated March 8, 2017 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the Commission on March 14, 2017).	
4.10*	2010 Equity Incentive Plan (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 as filed with the Commission on May 6, 2010, Registration Statement No. 333-166600).	
4.11	Form of Subordinated Note (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the Commission on December 23, 2013).	
4.12	Form of Subordination Agreement (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K as filed with the Commission on December 23, 2013)	
4.13	Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K as filed with the Commission on December 23, 2013).	
4.14	Form of Amended and Restated Subordinated Promissory Note (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the Commission on October 17, 2016).	
4.15	Form of Amendment No. 1 to Warrant to Purchase Shares of Common Stock (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K as filed with the Commission on October 17, 2016).	
10.51	Loan and Security Agreement between UniBank for Savings and Arrhythmia Research Technology, Inc. and Micron Products, Inc. dated March 29, 2013 (incorporated by reference to Exhibit 10.51 to the Company's Quarterly Report on Form 10-Q as filed with the Commission on July 1, 2013).	
10.59*	Employment Agreement between the Company and Salvatore Emma, Jr. dated as of January 20, 2015 (incorporated by reference to Exhibit 10.59 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 as filed with the Commission on March 20, 2015).	
10.60*	Employment Agreement between the Company and Derek T. Welch dated as of January 20, 2015 (incorporated by reference to Exhibit 10.60 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 as filed with the Commission on March 20, 2015).	
10.61	Fourth Amendment to Loan and Security Agreement and Commercial Equipment Line of Credit Promissory Note dated June 19, 2015 (incorporated by reference to Exhibit 10.61 to the Company's Quarterly Report on Form 10-Q as filed with the Commission on August 13, 2015).	
10.62	Fifth Amendment to Loan and Security Agreement dated as of November 15, 2016 (incorporated by reference to Exhibit 10.62 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed with the Commission on March 22, 2017).	
10.63	Commercial Term Promissory Note dated November 15, 2016 (incorporated by reference to Exhibit 10.63 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed with the Commission on March 22, 2017).	
10.64	Commercial Equipment Line of Credit Promissory Note dated November 15, 2016 (incorporated by reference to Exhibit 10.64 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 as filed with the Commission on March 22, 2017).	
10.65*	Executive Incentive Plan (incorporated by reference to Exhibit 10.65 to the Company's Current Report on Form 8-K as filed with the Commission on December 6, 2016).	
10.66*	Employment Agreement between the Company and Salvatore Emma, Jr. dated as of January 1, 2017 (incorporated by reference to Exhibit 10.66 to the Company's Annual Report on Form 10-K for fiscal year ended December 31, 2016 as filed with the Commission on March 22, 2017).	

10.67*	Employment Agreement between the Company and Derek T. Welch dated as of January 1, 2017 (incorporated by reference to Exhibit 10.67 to the Company's Annual Report on Form 10-K for fiscal year ended December 31, 2016 as filed with the Commission on March 22, 2017).	
10.68	Sixth Amendment to Loan and Security Agreement dated June 16, 2017 (incorporated by reference to Exhibit 10.68 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 as filed with the Commission on August 11, 2017).	
10.69**	Forbearance Agreement between UniBank for Savings, Micron Solutions, Inc. and Micron Products, Inc. dated September 29, 2017.	X-1
21	Subsidiaries (incorporated by reference to Exhibit 21.0 to the Company's Annual Report on Form 10-K for fiscal year ended December 31, 2010 as filed with the Commission on March 23, 2011).	
31.1**	Certification of the CEO pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)	X-2
31.2**	Certification of the CFO pursuant to Rule 13a-14(a) or Rule 15(d)-14(a)	X-3
32.1**	Certification of the CEO pursuant to 18 U.S.C. §1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X-4
32.2**	Certification of the CFO pursuant to 18 U.S.C. §1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X-5
101.INS†	XBRL Instance Document	
101.SCH†	XBRL Taxonomy Extension Schema Document	
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document	
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document	
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document	

*Indicates a management contract or compensatory plan required to be filed as an exhibit.

**Filed herewith

† XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MICRON SOLUTIONS, INC.

November 13, 2017	By: /s/ Salvatore Emma, Jr.
	Salvatore Emma, Jr. President and Chief Executive Officer (principal executive officer)
	By: /s/ Derek T. Welch
	Derek T. Welch Chief Financial Officer (principal financial and accounting officer)

Exhibit 31.1

OFFICER'S CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Salvatore Emma, Jr., certify that:

1. I have reviewed this report on Form 10-Q of Micron Solutions, Inc. for the fiscal quarter ended September 30, 2017;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d -15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

DATE: November 13, 2017

/s/ Salvatore Emma, Jr.
Salvatore Emma, Jr.
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

OFFICER'S CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Derek T. Welch, certify that:

1. I have reviewed this report on Form 10-Q of Micron Solutions, Inc. for the fiscal quarter ended September 30, 2017;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d -15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

    d. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's second fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

DATE: November 13, 2017

/s/ Derek T. Welch
Derek T. Welch
Chief Financial Officer
(principal financial and accounting officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Micron Solutions, Inc. (the "Company") for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned principal executive officer certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: November 13, 2017

/s/ Salvatore Emma, Jr.
Salvatore Emma, Jr.
President and Chief Executive Officer
(principal executive officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Micron Solutions, Inc. (the "Company") for the quarter ended Septebmer 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned principal financial and accounting officer certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: November 13, 2017

/s/ Derek T. Welch
Derek T. Welch
Chief Financial Officer
(principal financial and accounting officer)

Exhibit 10.69

FORBEARANCE AGREEMENT

This Forbearance Agreement (the "Forbearance Agreement") dated as of September 29, 2017 and is made by and among **UniBank for Savings** (together with its successors and assigns, the "Bank" or "Lender"), **Micron Solutions, Inc.** (formerly known as Arrhythmia Research Technology, Inc.), a corporation duly organized and validly existing under the laws of the State of Delaware (sometimes referred to herein as "Solutions") and **Micron Products Inc.**, a corporation duly organized and validly existing under the laws of the Commonwealth of Massachusetts (sometimes referred to herein as "Micron") (each of Solutions and Micron being a "Borrower", and collectively the "Borrowers").

RECITALS

A. The Bank and the Borrowers entered into and are parties to a Loan and Security Agreement between the Bank and the Borrowers dated as of March 29, 2013, as amended by the First Amendment to Loan and Security Agreement dated October 3, 2013, as further amended by the Second Amendment to Loan and Security Agreement dated April 10, 2014, as further amended by Third Amendment to Loan and Security Agreement dated June 26, 2014, as further amended by Fourth Amendment to Loan and Security Agreement dated June 19, 2015, as further amended by Fifth Amendment to Loan and Security Agreement dated November 15, 2016, as further amended by Sixth Amendment to Loan and Security Agreement dated June 16, 2017 (as amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended to date and as may be amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended from time to time hereafter, the "Loan Agreement").

B. The Bank extended a line of credit (the "Line of Credit") dated March 29, 2013 to the Borrowers as evidenced by the $4,000,000.00 Commercial Revolving Line of Credit Promissory

Note made by the Borrowers in favor of the Bank, as amended by First Amendment to Commercial Revolving Line of Credit Promissory Note dated October 3, 2013, as further amended by Second Amendment to Commercial Revolving Line of Credit Promissory Note dated June 19, 2015, as further amended by Third Amendment to Commercial Line of Credit Promissory Note dated June 16, 2017 (as amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended to date and as may be amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended from time to time hereafter, the "Line Note").

C. The Bank extended a term loan (the "Term Loan") dated March 29, 2013 to the Borrowers as evidenced by the $1,500,000.00 Commercial Term Promissory Note made by the Borrowers in favor of the Bank (as amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended to date and as may be amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended from time to time hereafter, the "Term Note"). The Term Loan was paid in full as a result of the debt consolidation with the Bank under and pursuant to the 2016 Term Loan evidenced by the 2016 Term Note.

D. The Bank extended an equipment line of credit (the "Equipment Line of Credit") dated March 29, 2013 to the Borrowers as evidenced by the $1,000,000.00 Commercial Equipment Line of Credit Promissory Note made by the Borrowers in favor of the Bank, as amended by First Amendment to Commercial Equipment Line of Credit Promissory Note dated April 10, 2014 (as amended to date and as may be further amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended to date and as may be amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended from time to time hereafter, the "Equipment Note"). The Equipment Une of Credit was paid in full as a result of the debt consolidation with the Bank under and pursuant to the 2016 Term Loan evidenced by the 2016 Term Note.

E. The Bank extended an equipment line of credit (the "2014 Equipment Line of Credit") dated June 26, 2014 to the Borrowers as evidenced by the $1,000,000.00 Commercial Equipment Line of Credit Promissory Note made by the Borrowers in favor of the Bank (as amended to date and as may be further amended from time to time, the "2014 Equipment Note"). The 2014 Equipment Line of Credit was paid in full as a result of the debt consolidation with the Bank under and pursuant to the 2016 Term Loan evidenced by the 2016 Term Note.

F. The Bank extended an equipment line of credit (the "2015 Equipment Line of Credit") dated June 19, 2015 to the Borrowers as evidenced by the $1,000,000.00 Commercial Equipment Line of Credit Promissory Note made by the Borrowers in favor of the Bank (as amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended to date and as may be amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended from time to time hereafter, the "2015 Equipment Note"). The 2015 Equipment Line of Credit was paid in full as a result of the debt consolidation with the Bank under and pursuant to the 2016 Term Loan evidenced by the 2016 Term Note.

G. The Bank extended an equipment line of credit (the "2016 Equipment Line of Credit') dated November 15, 2016 to the Borrowers as evidenced by the $1,000,000.00 Commercial Equipment Line of Credit Promissory Note made by the Borrowers in favor of the Bank (as amended to date and as may be further amended from time to time, the "2016 Equipment Note").

H. The Bank extended a term loan (the "2016 Term Loan") dated November 15, 2016 to the Borrowers as evidenced by the $2,481,943.19 Commercial Term Promissory Note made by the Borrowers in favor of the Bank (as amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended to date and as may be amended, restated, replaced, modified, consolidated, increased, supplemented, renewed or extended from time to time hereafter, the "2016 Term Note").

I The proceeds of the 2016 Term Loan were used, in part, to pay off the Term Loan, the Equipment Line of Credit, the 2014 Equipment Line of Credit and the 2015 Equipment Line of Credit.

J. Effective March 24, 2017, Arrhythmia Research Technology, Inc. changed its name to Micron Solutions, Inc. as evidenced by a Certificate of Amendment of Certificate of Incorporation filed with the Secretary of the State of Delaware on March 10, 2017.

K. As used herein, the term "Loan Documents" shall have the meaning ascribed to it in the Loan Agreement.

L. As used herein, the term "Notes" shall mean, collectively, the Line Note, the 2016 Term Note and the 2016 Equipment Note and any other outstanding promissory note or instrument made by the Borrowers or any one or more of the Borrower to the Bank.

M. Except where the context requires otherwise or as otherwise defined herein, all capitalized terms used herein shall have the meanings set forth in the Loan Agreement, and if not defined in the Loan Agreement, the meanings set forth in the Loan Documents.

N. The Borrowers acknowledge and agree that Events of Default under the Loan Agreement and the Loan Documents have occurred and have not been cured, including, but not limited to, the failure of the Borrowers to maintain the Debt Service Coverage Ratio for the fiscal period ending June 30, 2017.

O. The Borrowers acknowledge and agree that the Borrowers anticipate an additional Event of Default under the Loan Agreement and the Loan Documents will occur as of September, 30, 2017 for failure of the Borrowers to maintain the Debt Service Coverage Ratio for the fiscal period ending September 30, 2017 (the "Anticipated Default").

P. The Borrowers further acknowledge and agree that nothing contained herein shall be deemed a waiver of such Events of Default or Anticipated Default, all rights in favor of the Bank upon occurrence of an Event of Default having been specifically reserved.

Q. The Borrowers have requested that the Bank provide a temporary extension to the Termination Date of the Line of Credit and the Line Note from September 30, 2017 to March 31, 2018.

R. In consideration of the Borrower's request for a temporary extension to the Termination Date of the Line of Credit and the Line Note, the Bank has indicated a willingness to temporarily extend said Termination Date, subject to the terms and conditions herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed by and between the Bank and the Borrowers, as follows:

1. Ratification of Existing Agreements. All of the Borrowers Obligations to the Bank, including but not limited to the indebtedness and liabilities pursuant to the Notes, the Loan Agreement and other documents executed in connection therewith (collectively, the "Loan Documents") referred to in the Recitals section above, except as otherwise expressly modified herein, are hereby ratified and confirmed in all respects. The Borrower acknowledges that as of

the date hereof, the Line of Credit has an outstanding principal balance of $3,070,000.00, the 2016 Term Loan has an outstanding principal balance of $2,107,379.52 and the 2016 Equipment Line of Credit has an outstanding principal balance of $504,780.80. In addition, by the execution of this Forbearance Agreement, the Borrowers represent and warrant that no counterclaim, right of set-off or defense of any kind exists or is outstanding with respect to any Obligations, indebtedness and liabilities of the Borrowers, or any one or more of the Borrowers and to the extent that any such counterclaim, right of set-off or defense does exist, they are hereby waived and released.

2. Acknowledgement of Events of Defaults. The Borrowers acknowledge that one or more Events of Default have occurred with respect to the Loan Documents and that the Bank has the right to demand payments of all Notes and to initiate foreclosure proceedings with respect to the Collateral (as defined in the Loan Agreement).

3. Modification of Line Note. Subject to the strict compliance with all terms hereunder by the Borrowers, the Bank agrees that the Termination Date of the Line Note shall be extended to March 31, 2018, at which time, said Line Note shall be due and payable in full. Additionally, and regardless of the compliance by the Borrowers with any of the provisions hereunder, the per annum rate of interest of the Line Note is hereby increased, effective as of the date hereof, to Prime Rate (as defined in the Line Note) plus one percentage point (1.00).

4. Modification of the Financial Reporting Requirements in the Loan Agreement. Regardless of the compliance by the Borrowers with any provisions hereunder, in addition to the financial reporting requirements contained in Section 6.2 of the Loan Agreement or elsewhere in the Loan Documents, the Borrowers shall provide the Bank, (i) monthly, within fifteen (15) days after the close of each calendar month, a balance sheet and an income statement of the Borrowers

as of the close of said month and for that portion of the fiscal year-to-date then ended and with a comparative to the same period for the prior fiscal year, and (ii) monthly, within (15) days after the close of each calendar month, a statement of cash flows (or such other report acceptable to the Bank) for each of the Borrowers, all such financial statements to be prepared by management in conformity with GAAP and applied on a basis consistent with that of the preceding year or containing disclosure of the effect on financial position or results of operations of any change in the application of accounting principles during the year.

5. Modification to the 2016 Equipment Line of Credit and 2016 Equipment Note; Suspension of Availability of Advances. Pursuant to the terms and conditions of the 2016 Equipment Note, draws by the Borrowers thereunder are to terminate not later than November 15, 2017. The 2016 Equipment Note further provides that upon and after the occurrence of a Default, the availability of advances thereunder shall, at the option of the Bank, be deemed to be automatically terminated. Regardless of the compliance of the Borrowers with any provisions hereof, the Bank is hereby providing notice to the Borrowers that the Bank is hereby ceasing to further extend the Borrowers' rights under the 2016 Equipment Line of Credit or the 2016 Equipment Note and the Bank hereby terminates the availability of advances under the 2016 Equipment Line of Credit. The Borrowers acknowledge and accept (i) the Bank's cessation of further extension of the Borrowers' rights under the 2016 Equipment Note and (ii) the termination of the availability of advances under the 2016 Equipment Line of Credit.

6. Line of Credit Sweep. Regardless of the compliance by the Borrowers with any of provisions hereunder, the Borrowers shall enter into a Line of Credit Sweep Services Agreement (the "Sweep Agreement") with the Bank upon terms and provisions satisfactory to the Bank and in substantially the form of Exhibit A attached hereto. The Sweep Agreement shall

provide for a daily cash transfer in connection with the Line of Credit Loan and shall be executed simultaneously with the execution of this Forbearance Agreement. Failure to so execute the Sweep Agreement will be an additional Event of Default under the Loan Agreement and the Loan Documents.

7. Field Examination. Regardless of the compliance by the Borrowers with any of the provisions hereunder, the Bank shall have right and the Borrowers shall allow the Bank to perform, at the Borrowers' sole cost and expense, a general field examination which shall consist of a full review of the Borrowers' books and records relating to accounts receivable, inventory and payables, such field examination to be conducted and prepared by an outside examiner selected by the Bank in its sole and absolute discretion.

8. Prerequisites to Extension of Termination Date of the Line Note. The Bank's agreement to extend the Termination Date of the Line of Credit and the Line Note described above is specifically conditioned upon compliance by the Borrowers with all terms and conditions of this Forbearance Agreement and of the Loan Documents from the date hereof, including but not limited to obligations to make periodic payments as more particularly described in said Loan Documents.

9. Forbearance. Subject to strict compliance by the Borrowers with all terms and conditions of this Forbearance Agreement and with the Loan Documents, and provided (i) no further Event of Default occurs, and (ii) the Borrower's Anticipated Default in connection with the Debt Service Coverage Ratio on a trailing twelve month basis for the fiscal period ending September 30, 2017 is not less than 0.70 to 1.00, the Bank agrees to forbear from initiating collection actions with respect to the Loan Documents prior to March 31, 2018.

10. Voluntary Agreement. All parties represent and warrant that they have had the opportunity to be represented by legal counsel of their choice, are fully aware of the terms contained in this Forbearance Agreement and have voluntarily and without coercion or duress of any kind, entered into this Forbearance Agreement and the documents entered in connection with this Forbearance Agreement.

11. Entire Agreement; Binding Affect. This Forbearance Agreement constitutes the entire and final agreement among the parties, superseding all prior negotiations, promises, and agreements. There are no agreements, understandings, warranties or representations among the parties except as set forth herein. This Forbearance Agreement will inure to the benefit and bind the respective heirs, administrators, executors, representatives, successors and permitted assigns of the parties hereto.

12. Negation of Partnership. The relationship between the Bank and all other parties is that of debtor and creditor. Nothing contained in this Forbearance Agreement will be deemed to create a partnership or joint venture between the Bank, and any other party, or to cause Bank to be liable or responsible in any way for the actions, liabilities, debts, or obligations of any other party.

13. Headings. All headings contained in this Forbearance Agreement are for reference purposes only and are not intended to affect in any way the meaning or interpretation of this Forbearance Agreement.

14. Governing Law. This Forbearance Agreement is executed and delivered in the Commonwealth of Massachusetts and it is the desire and intention of the parties that it be in all respects interpreted according to the laws of the Commonwealth of Massachusetts. The Borrowers specifically and irrevocably consent to the jurisdiction and venue of the federal and

state courts of the Commonwealth of Massachusetts with respect to all matters concerning this Forbearance Agreement or the Loan Documents or the enforcement of any of the foregoing. The Borrowers agree that the execution and performance of this Forbearance Agreement shall have a Commonwealth of Massachusetts' situs and accordingly, the Borrowers consent to personal jurisdiction in the Commonwealth of Massachusetts.

15. Amendment. Neither this Forbearance Agreement nor any of the provision hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the parties against whom enforcement of the change, waiver, discharge or termination is sought

16. Satisfaction of Conditions. The Borrowers jointly and severally acknowledge and agree that all obligations imposed on the Bank hereunder are expressly conditioned upon the due execution and delivery of this Forbearance Agreement, execution and delivery of all documents and agreements required hereunder and receipt by the Bank of all payments required hereunder, as well as the satisfaction of all terms, conditions, covenants and requirements set forth in this Forbearance Agreement.

17. Representations and Warranties. The Borrowers hereby jointly and severally represent and warrant to Bank as follows:

(a) All necessary actions on the part of all Borrowers to be taken in connection with the execution, delivery, and performance of this Forbearance Agreement have been duly and effectively taken; and

(b) The execution, delivery, and performance of this Forbearance Agreement by the Borrowers does not constitute a violation or breach of any Articles of Organization, By Laws or any other agreement or law by which said parties are bound, and this Forbearance Agreement is valid, biding, and enforceable against the Borrower in accordance with its terms.

17. Certain Waivers. ALL PARTIES HEREBY WAIVE AND RELEASE IRREVOCABLY THEIR RIGHTS (1) TO HAVE A TRIAL BY JURY IN ANY ACTION ARISING FROM OR RELATING TO THIS FORBEARANCE AGREEMENT AND (2) TO ASSERT IN ANY SUCH ACTION ANY CLAIM FOR PUNITIVE DAMAGES, EXEMPLARY DAMAGES, CONSEQUENTIAL DAMAGES, AND ANY OTHER DAMAGES WHATSOEVER OTHER THAN ACTUAL DAMAGES.

18. Release of Bank. Effective upon the execution of this Forbearance Agreement by the Borrowers, and in consideration of the Bank's agreement to enter into this Forbearance Agreement, to the extent that the Borrowers or either of them may have any off-sets, defenses or claims against the Bank, its subsidiaries, affiliates, parents, officers, directors, employees, agents, attorneys, predecessors, successors and assigns, both present and former (collectively, the "Lender Affiliates"), the Borrowers and their partners, subsidiaries, affiliates, parents, officers, directors, employees, agents, attorneys, heirs, successors, assigns, and executors; (collectively, the "Obligor Parties"), jointly and severally, release, waive, acquit and forever discharge the Lender Affiliates of and from any and all manners of action and actions, cause and causes of action, suits, debts, controversies, damages, judgments, executions, claims and demands whatsoever asserted or unasserted, in contract, tort, law or in equity which the Obligor Parties ever had or now have upon or against the Bank or the Lender Affiliates by reason of any matter, cause, causes or thing whatsoever existing on the Effective Date including, without limitation, any presently existing claim or defense whether or not presently suspected, contemplated or anticipated and including but not limited to any claim that relates to, in whole or in part, directly or indirectly (i) the making or administration of the loans evidenced by the Loan Documents, including, without limitation, such claims and defenses based on fraud, mistake, duress, usury,

misrepresentation, or any other claim based on so-called "lender liability theories"; (ii) any covenants, agreements, duties, or obligations set forth in the Loan Documents; (iii) the actions or omissions of any of the Bank and/or the Lender Affiliates in connection with the initiation or continuing exercise of any right or remedy contained in the Loan Documents or at law or in equity; (iv) lost profits; (v) loss of business opportunity; (vi) increased financing costs; (vii) increased legal or administrative files; or (viii) damages to business reputation.

19. Miscellaneous.

A. *Severability.* Even if one or more provisions of this Forbearance Agreement are determined by a court to be invalid or unenforceable, the remaining provisions of this Forbearance Agreement nevertheless shall continue in effect.

B. *Remedies Cumulative.* All rights and remedies afforded Bank by this Forbearance Agreement are cumulative; none shall be construed to limit or impair any rights or remedies afforded Bank by the other Loan Documents or by law.

C. *No Waiver.* No failure to act, omission, or forbearance by Bank to exercise its rights or remedies under this Forbearance Agreement shall constitute a waiver by Bank of such rights or remedies, regardless of how long such failure to act, omission, or forbearance continues, unless Bank expressly waives such right in writing. No waiver by Bank of any in one instance shall constitute a waiver in any other instance unless Bank expressly so states in writing.

D. *No Assignment.* None of the Borrowers rights under this Forbearance Agreement may be assigned, pledged, or otherwise transferred, nor may any of Borrowers' duties be delegated. The Borrowers acknowledge the Bank's unrestricted right to assign, pledge or otherwise transfer any and all of its rights under this Agreement and the Loan Documents.

E. *Costs and Expenses.* The Borrowers will pay to the Bank upon demand all costs and expenses (including attorney's fees) reasonably incurred by the Bank in connection with the documentation and closing of this Forbearance Agreement, together with any and all other outstanding costs and expenses of the Bank and Bank's counsel.

F. *Reaffirmation of Loan Documents.* Except as expressly modified herein all other terms and conditions of the Loan Documents are hereby ratified and confirmed and the Loan Documents, as modified hereby, are and continue to be in full force and effect. All references in the Loan Documents to any Loan Document shall mean that Loan Document, as amended to date and as further amended from time to time.

G. *Reaffirmation of Cross-Collateralization and Cross-Default by Borrowers.* The Borrowers hereby acknowledge that the Obligations of the Borrowers set forth in the Loan Agreement and the other Loan Documents are intended to capture all obligations and debts of the Borrowers, or any one or more of the Borrowers, owing to the Bank. This includes any agreements, loan agreements, security agreements, mortgages, letters or credit, and any other existing or future loans. The Borrowers further acknowledge that all Obligations of the Borrowers owing to the Bank are cross-collateralized and cross-defaulted with all obligations outstanding.

H. *Notices.* All notices, requests or demands to or upon a party under this Forbearance Agreement shall be deemed satisfactorily given or made upon delivery in hand, or delivery by Federal Express or other reputable overnight courier service, or by depositing in the mails postage prepaid, return receipt requested, addressed to the addressee at the applicable address as follows: to the Bank at 49 Church Street, Whitinsville, Massachusetts, Attn: Commercial Loan Dept.; to Solutions at 25 Sawyer Passway, Fitchburg, Massachusetts 01420;

and to Micron at 25 Sawyer Passway, Fitchburg, Massachusetts 01420, or to such other addresses as such addressee may have designated in writing to the other party hereto by notice as prescribed herein.

[This space intentionally left blank; signature page to follow.]

Executed as a sealed instrument this 29th day of September, 2017

Borrowers:

Micron Solutions, Inc.

By:______________________________:
Salvatore Emma, Jr., President and
Chief Executive Officer
Duly Authorized

Witness

Micron Products Inc.

By:______________________________.
Salvatore Emma, Jr., President and
Chief Executive Officer
Duly Authorized

Witness

Bank:

UniBank for Savings

By:______________________________ V.P.
Bernard P. Gagnon, Vice President

Witness